

Cost Benefit Analysis
Exchange at Antelope Valley Redevelopment Project
August, 2013

The Exchange at Antelope Valley Redevelopment Project ("Project") will redevelop the property located generally at 21st and "N" Streets and Antelope Valley Parkway and "L" Street, Lincoln, Nebraska, in the Antelope Valley Redevelopment Area as more particularly described on the attached and incorporated Exhibit "A" (the "Project Area"). The Project shall consist of three (3) parts and will include:

1. Part A – Mixed use building consisting of approximately 12,000 square feet of retail on the first floor and approximately twenty eight (28) residential rental units on the second and third floors;
2. Part B – Approximately sixty two (62) individually platted row houses for sale as owner occupied dwelling units. The row houses in Part B shall be constructed over a period of up to five (5) years, depending upon absorption rates;
3. Part C – Approximately 40,000 square foot grocery store.

The total construction costs for the Project are estimated at approximately \$27,604,000.00.

As required by Nebraska Community Development Law (Neb.Rev.Stat. §18-2113), the City has analyzed the costs and benefits of the proposed Project including:

Tax Revenues.

Tax Increment Financing Analysis

Part A		Amount
Base Value		\$332,000
Estimated New Assessed Value		\$4,692,000
Increment Value	= <i>New Assessed Value - Base Assessed Value</i>	\$4,360,000
Annual TIF Generated	= <i>Increment x 0.02019540 (2012 Tax Rate)</i>	\$88,052
Funds Available	= <i>Annual TIF Generated x 14 years @ 5.5%</i>	\$851,939

Part B		
Part B shall be constructed in phases over a period of up to five years.		
Part B-Phase 1		
Base Value		\$213,000
Estimated New Assessed Value		\$3,120,000
Increment Value	= <i>New Assessed Value - Base Assessed Value</i>	\$2,907,000
Annual TIF Generated	= <i>Increment x 0.02019540 (2012 Tax Rate)</i>	\$58,708
Funds Available	= <i>Annual TIF Generated x 15 years @ 5.5%</i>	\$594,399

Part B-Phase 2		
Base Value		\$213,000
Estimated New Assessed Value		\$3,120,000
Increment Value	= <i>New Assessed Value - Base Assessed Value</i>	\$2,907,000
Annual TIF Generated	= <i>Increment x 0.02019540 (2012 Tax Rate)</i>	\$58,708
Funds Available	= <i>Annual TIF Generated x 14 years @ 5.5%</i>	\$568,025
Part B-Phase 3		
Base Value		\$213,000
Estimated New Assessed Value		\$3,120,000
Increment Value	= <i>New Assessed Value - Base Assessed Value</i>	\$2,907,000
Annual TIF Generated	= <i>Increment x 0.02019540 (2012 Tax Rate)</i>	\$58,708
Funds Available	= <i>Annual TIF Generated x 13 years @ 5.5%</i>	\$540,180
Part B-Phase 4		
Base Value		\$213,000
Estimated New Assessed Value		\$3,120,000
Increment Value	= <i>New Assessed Value - Base Assessed Value</i>	\$2,907,000
Annual TIF Generated	= <i>Increment x 0.02019540 (2012 Tax Rate)</i>	\$58,708
Funds Available	= <i>Annual TIF Generated x 12 years @ 5.5%</i>	\$510,783
Part B-Phase 5		
Base Value		\$248,500
Estimated New Assessed Value		\$3,640,000
Increment Value	= <i>New Assessed Value - Base Assessed Value</i>	\$3,391,500
Annual TIF Generated	= <i>Increment x 0.02019540 (2012 Tax Rate)</i>	\$68,492
Funds Available	= <i>Annual TIF Generated x 11 years @ 5.5%</i>	\$559,705
TOTAL PART B FUNDS AVAILABLE		\$2,773,092

Part C		Amount
Base Value		\$655,200
Estimated New Assessed Value		\$5,000,000
Increment Value	= <i>New Assessed Value - Base Assessed Value</i>	\$4,344,800
Annual TIF Generated	= <i>Increment x 0.02019540 (2012 Tax Rate)</i>	\$87,745
Funds Available	= <i>Annual TIF Generated x 14 years @ 5.5%</i>	\$848,969

Upon completion of the Project, the assessed value of the property within the Project Area will increase by an estimated \$24,056,300.00 as a result of the private investment. This will result in an estimated annual property tax collections increase during the fifteen (15) year TIF period ranging from approximately \$234,505.00 in year one (1) to \$479,121.00 upon completion of all the phases of Part B that will be available for the construction of public improvements related to the project. The public investment of a projected \$4,500,000.00 in TIF funds will leverage \$27,604,000.00 in private sector financing, resulting in a private investment of more than \$6.13 for every City TIF dollar spent.

Public Infrastructure and Community Public Service Needs Impacts. It is not anticipated that the Project will have an adverse impact on existing public infrastructure. The Project entails the capture of the incremental tax revenues for eligible public purposes including, but not limited to, land acquisition, demolition, site preparation/asbestos abatement, construction of streets, construction of dedicated bike lane, installing site utilities, and other eligible improvements. The Project will also facilitate and encourage alternative transportation through the bike lane improvements, the bus route improvements, and additional downtown living options that are part of the project.

It is not anticipated that the Project will have any adverse impact on City services, but will generate additional revenue providing support for those services.

Employment Within the Project Area. The Project will create approximately 130 new FTE jobs in Lincoln and another 210 to 220 jobs during construction. It is not anticipated that the Project will have an adverse impact on employers and employees of firms locating or expanding within the boundaries of the area of the redevelopment project.

Employment in the City Outside the Project Area. Approximately 136,102 persons living in the City of Lincoln were employed, according to the 2009 American Community Survey. The median household income for the City in 2009 was \$44,702. The Project would have a minimal impact on the overall employment in the City.

Other Impacts.

The Project will increase business and tax base without an adverse effect on either public or private entities. There will be a material tax shift because of the use of tax increment financing, but there will also be personal property tax and other municipal revenue generated for the immediate benefit of the community. The Project will facilitate the development of blighted and substandard areas in the City, without the incurrence of significant public cost. The Project will also encourage additional private development in and around the Redevelopment Area.

The Project will create tax and other public revenue for the City and other local taxing jurisdictions. While the use of tax increment financing will defer receipt of a majority of new ad valorem real property taxes generated by the Project, this income would not have occurred without the use of TIF. The Project will create new businesses and increase available housing opportunities within the Redevelopment Area.

In addition to new personal property tax revenues, the Project will also contribute to municipal revenues through excise taxes, fees, licenses, sales taxes, and other taxes that occur and are paid by homeowners and consumers in the Redevelopment Area.

The Project should have a positive impact on private sector businesses in and around the area outside the boundaries of the redevelopment project. The Project is not anticipated to impose a burden or have a negative impact on other local area employers, but should increase the need for services and products from existing businesses. The additional housing opportunities and the associated commercial development, including a neighborhood grocery store that will provide necessary services for the community and a healthy eating alternative in the Redevelopment Area, will provide a substantial benefit to the City.

EXHIBIT "A"
Project Area

Part A – Retail/Rental Housing Project.

Lot One (1), Block Seven (7), Antelope Valley 2nd Addition, Lincoln, Lancaster County, Nebraska.

Part B – Row Homes Project.

A portion of Lot Two (2), Block Seven (7), Antelope Valley 2nd Addition, Lincoln, Lancaster County, Nebraska, as may be determined by the survey and replatting of this parcel.

Part C – Grocery Store Project.

The West three feet (3') of Lot 49, and Lots 50, 51, 52, 53, 54, and 55 (except the North seven feet (7') and the South seven and one-half feet (7.5') of all such Lots), Boggs and Holmes Subdivision, Lincoln, Lancaster County, Nebraska.

The North twenty-seven feet (27') of Lots Sixteen (16) and Seventeen (17), Block Two (2), McMurtry's Addition and the vacated East-West Alley adjacent thereto;

The South one hundred fifteen feet (115') of Lot Sixteen (16) and the South one hundred fifteen feet (115') of the East twelve feet (12') of Lot Seventeen (17), Block Two (2), McMurtry's Addition, and Lots Eleven (11), Twelve (12), Thirteen (13), Fourteen (14), and Fifteen (15), Block Two (2), McMurtry's Addition, (and the vacated East-West alley adjacent to Lots Fourteen (14) and Fifteen (15)), Lincoln, Lancaster County, Nebraska, to be confirmed by the survey.